

A.T. Oliver & Sons Ltd Sterling Pension Scheme – S30625

Chair's Statement – 30 June 2023

In accordance with the requirements of the Occupational Pension Schemes (Charges and Governance) Regulations 2015 ('the Regulations'), the Trustees are required to provide a statement relating to the governance of the Scheme. This statement covers the period from 1 July 2022 to 30 June 2023 and has been prepared on behalf of the current Trustees.

In accordance with the requirements of the Regulations, Anna Barnes has been appointed as Chair of the Trustees.

Background to the Scheme's DC benefits

The DC Section of the Scheme consists of 64 deferred members. The Scheme closed to new members in September 2015 and no contributions are being paid in. The Scheme is not used by the Employer for auto-enrolment purposes. A separate DC arrangement with Aviva was put in place from April 2015 for auto-enrolment purposes.

At retirement, members can take up to 25% of their benefits in the DC Section as a tax-free lump sum and purchase an annuity with the balance. Should they wish to access wider retirement freedoms such as income drawdown, they would need to transfer to another pension arrangement.

Governance of the Default Investment Arrangement

As of 30 June 2023, the DC funds under management with Aviva were as follows:

Aviva Fund	Fund Value	Transfer Value
Deposit Admin Fund	£1,823,613.24	£2,327,266.87

All members are invested in the Deposit Admin Fund and no other funds are available.

The Trustees are keen to ensure that assets are invested in the best interests of members and beneficiaries.

There are 64 deferred members in the Scheme as of 30 June 2023 and given the number of members, being below the 100 members minimum, a Statement of Investment Principles which sets out the Trustees' aims and objectives relating to the default investment strategy is not required.

The Trustees understand their fiduciary duties and ensure these are continued by maintaining the appropriate knowledge and skill levels.

Limited information has been provided by Aviva (ReAssure) regarding the absolute and relative performance of the fund. We understand from Aviva that an annual bonus of 2.25% has been applied for 2022.

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Investment Returns

Statutory guidance confirms that returns should be net of charges, calculated on a geometric basis and assume a £10,000 fund. Whilst Aviva have been able to provide us with this information over the required timeframe, it is based on the underlying return of the fund, rather than the bonus rates which members would actually receive. The following table shows the **net** annualised performance:

Aviva Fund	1 year	5 years	10 years	15 years	20 years
Deposit Admin Fund	-1.7%	1.8%	5.6%	3.9%	6.1%

The Trustees are satisfied that the investment performance (net of fees) remains in line with the stated objectives for the fund available to members. It must be noted this fund is the only option available within the Scheme.

Charges and Transaction Costs

The annual ongoing charges levied by the investment manager and deducted from members' investments depend on the funds used and the table below shows these charges.

The Deposit Admin Fund is subject to an assumed annual management charge (AMC) of 0.18% per annum. This charge is taken into account when declaring annual bonus rates rather than being an explicit charge deducted from members' funds.

In addition to these charges, members may also incur transaction costs. Transaction costs are defined in regulations as the costs incurred as a result of buying, selling, lending, or borrowing investments and they can have a significant impact on members' fund values.

Transaction costs are typically categorised as explicit costs or implicit costs. Explicit costs are directly observable e.g., taxes such as stamp duty. Implicit costs cannot be observed in the same way but will result in a reduction in the total amount of money invested e.g., buying and selling spreads and market impact and can have a significant impact on net returns.

Whilst the costs and charges for the default arrangement are reviewed regularly as part of the monthly meeting it is important to point out that the Scheme only has one fund, which it is not possible to change.

Due to the methodology used in calculating transaction costs, these costs may be negative, therefore having a positive impact on the fund. The transaction costs incurred as disclosed by Aviva are shown in the table below.

Aviva Fund	Annual Management Charge	Investment Management Charge	Total expense ratio (TER)	Transaction costs
Deposit Admin Fund	0.18%	0.00%	0.25%	0.07%

The members of the Scheme are all invested in the Deposit Admin Fund. The Deposit Admin Fund is a form of With-Profits investment where premiums are invested and then accrue interest in a similar way to an investment account, with the interest rate being similar to the bonus rate on the With-Profit fund. It is important to note there is no fund fact sheet produced for this fund. Total Expense Ratio (TER) is made up of all fees and charges incurred by the fund.

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Details of costs and charges are provided to members in their annual benefit statement.

The cost of administration services and investment managed is met by members through charges levied by Aviva (administered by ReAssure).

Cumulative Costs and Charges

The Trustees have conducted an analysis of the cumulative impact of the member-borne costs and charges within the investment fund for members of the Scheme, which is set out in the Appendix A, which is found at the end of this Statement.

Value for Members

The Trustees commissioned First Actuarial to carry out an independent assessment of the Scheme.

Following The Pensions Regulator's ('TPR's) guidance, an assessment of value for members has been carried out for the DC Section which considered the following aspects.

- Costs and charges
- Net investment performance
- Governance and administration

The investment performance for the Deposit Admin Fund Aviva was significantly lower when measure against the comparators.

The Schemes ongoing AMC of 0.18% is well below the 0.75% charge cap for workplace pension schemes, however the Scheme was replaced in April 2015 (with an Aviva group personal pension, with an AMC of 0.34%) , due to the Schemes 6% initial charge for ongoing contributions and 4% charge for single contributions, with both clearly exceeding the 0.75% charge cap.

Finally, whilst the Trustees regularly meet to review the quality of administration and governance, it is likely that under the new Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021, not all elements covered in this specific section of the regulations would meet the criteria laid down.

As a result should the Trustees after due deliberation intend to wind the Scheme up, then arrangements to enable this to occur should be completed within a two year period.

Core Financial Transactions

ReAssure as scheme administrator (as confirmed by Aviva), have service standards for all of their processes which include investment of contributions, transfers in and out of the Scheme and dealing with members when they take their benefits at retirement.

There are governance frameworks in place to ensure the appropriate monitoring and oversight of these service standards.

According to ReAssure Customer Services', policy transactions on the system are processed in a timely manner when considering service level agreements. The extract from ReAssure's most recently available service data shown below, suggest that this may not

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always be the case although improvements are noted in several areas over the last 12 months.

Any breaches due to delays or incorrect administration are logged and dealt with in agreed timescales. The identification, tracking and rectification of issues is done through a well-governed process, including the establishment of root causes and trends to help prevent future breaches. This is managed by the Compliance function with appropriate monitoring and escalation in place, as necessary.

The following table is an extract from ReAssure's service level agreement based on all schemes and not specific to A.T Oliver & Sons Ltd .

Activity	Description	Q4 2021
General Servicing	Percentage of work completed within 10 business days	89%
Customer satisfaction	Percentage of customers leaving "very satisfied" or "satisfied" feedback	92%
Volume of complaints	Number of complaints received per month per 1,000 policyholders	0.36%
Process completeness	Percentage of member option packs at retirement sent out within 20 business days	94%

Whilst some activities appear to be satisfactory in terms of achievement, the timescales to achieve them are longer than would be expected with other DC pension administrators.

Again, it should be noted that as the scheme closed to new members and further contributions in September 2015, member queries mainly relate to retirement and transfer matters.

The Trustees are satisfied that during the period of this statement, there have been no delays in processing these transactions with all targets met.

Trustee Knowledge & Understanding

The Trustee board holds monthly meetings to discuss matters in relation to the Scheme. Enabling the Trustees' to review any developments in legislation, the default investment arrangement, Scheme charges and answer member queries. As the employer is the Trustee of the company and the appointed board of Trustees' are either Directors or are employed by the company, there is a good working relationship between the Trustees and the employer, ensuring information is readily available, which is mostly provided from the Finance Department of the employer.

Anna Barnes is the current nominated Chair of Trustees, appointed by mutual agreement. In accordance with Section 248 of the Pensions Act 2004, the Trustee Directors are required to maintain sufficient knowledge and understanding to fulfil their duties. Anna has completed, the Pensions Regulator's Trustee Toolkit online training modules. These modules can also be utilised by any Trustee Director, to reinforce learning on specific issues. Accordingly it is a requirement that any newly appointed Trustee Director completes the Pension Regulator's Trustee Toolkit online training modules.

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The Trustee Directors are supported by independent and professional advisers who ensure that they are kept abreast of the latest legislative, regulatory and market developments that apply to the Scheme.

Expert advice is obtained on an ongoing basis for any areas the Trustees feel additional support is required. Which is obtained from using the services of an independent financial adviser and pension solicitor.

Member Communications

Members receive standardised annual benefit statements, issued direct to the members via the company. Additionally members are written too regarding any specific updates on the Scheme as may be applicable. Such communications are clear and concise and checked by Aviva, to ensure they are factually correct.

At the time of joining members were given all information relating to the rules of the Scheme, including details of how they are able to transfer to another scheme at any time. This includes details of how they are able to transfer to the new company workplace pension scheme, which was established in April 2015. The Scheme closed to new members and further contributions in September 2015, meaning enquiries raised are related to either retirement or transfer queries.

Retiring members of the Scheme receive 'at retirement' communications from Aviva, which are forwarded promptly on by the company. This is accompanied with a covering letter, with information explaining the benefits of obtaining independent financial advice when making decisions on their pension options. Paperwork from members is completed and returned promptly to ensure members obtain their benefits as per their retirement date, or transfer request.

For members who are considering retirement or transfer of their benefits they are provided with information regards pension scams. Additionally, a check is completed to confirm where the funds are being transferred to, to assist in the avoidance of a member being scammed, with two Directors signatures being required for any member transaction that is requested.

How to Contact the Trustees

If you have any further queries regarding the Scheme, please contact:

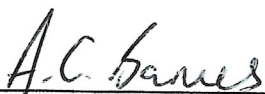
Anna Barnes

Address : A T Oliver & Sons Ltd, Wandon End Works, Luton, Beds, LU2 8NY

Phone: 07787 194227

Email: Anna.Barnes@ATOliver.co.uk

Signed:



Date:

31/01/2024

Anna Barnes

Chair of the Trustees of the A.T. Oliver & Sons Ltd Sterling Pension Scheme

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Appendix A – Cumulative Impact of Costs and Charges

The tables below show the cumulative impact of costs and charges (as set out in the main body of this Statement). The Trustees have taken account of the statutory guidance when preparing these illustrations.

	Aviva Deposit Admin Fund	
Year	Before charges	After all costs and charges
1	£29,337	£29,266
3	£31,086	£30,860
5	£32,939	£32,541
10	£38,069	£37,155
15	£43,999	£42,423
20	£50,852	£48,438
25	£58,773	£55,306
30	£67,927	£63,148
35	£78,507	£72,102
40	£90,735	£82,325

Assumptions:

1. Projected pension pot values are shown in today's terms and do not need to be reduced further for the effect of future inflation
2. The starting pot size is assumed to be £28,500 (excluding terminal bonuses)
3. Inflation is assumed to be 2.5% each year
4. No further contributions have been assumed
5. Values shown are estimates and are not guaranteed
6. The projected growth rate of the Scheme's single fund is as follows:
Aviva Deposit Admin Fund 2.94% above inflation